

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'04 JUN 30 P5 58

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S E N A T E

S. No. 486


Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

This bill seeks to direct all government corporations to prepare their respective assets and liability management guidelines that will define the parameters and/or limits of their financial and operational capabilities for central control and monitoring by the Department of Finance. These guidelines shall serve as tools to anticipate, prevent and/or minimize certain eventualities that may adversely affect the financial condition of the corporation. The financial guidelines seek to limit borrowing, lending and guaranteeing any form of financial transaction while the operational guidelines seek to inhibit the corporation from engaging in activities outside its defined capabilities.

With the passage of this bill, the parameters and limits of the operational and financial capabilities of government corporations will be clearly defined thus safeguarding the scarce resources the Filipino people owns.

It is in this regard that the early passage of this bill is earnestly requested.


SERGIO OSMEÑA III
Senator

THIRTEENTH CONGRESS OF THE REPUBLIC)
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AN ACT

DIRECTING ALL GOVERNMENT CORPORATIONS TO PREPARE THEIR RESPECTIVE ASSET AND LIABILITY MANAGEMENT GUIDELINES THAT WILL DEFINE THE PARAMETERS AND/OR LIMITS OF THEIR FINANCIAL AND OPERATIONAL CAPABILITIES FOR CENTRAL CONTROL AND MONITORING BY THE DEPARTMENT OF FINANCE

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. It is hereby declared a national policy to require all
2 government corporations to clearly define the parameters and/or limits of their
3 financial and operational capabilities consistent with their established mandates
4 and charters.

5 SEC. 2. The definition of these limits shall be embodied in their
6 respective Asset and Liability Management Guidelines which is a universally
7 accepted management tool whereby financial and operational activities are
8 automatically confined within clearly defined limits.

9 SEC. 3. Foremost among the financial guidelines are the limits on
10 borrowing, lending and guaranteeing any form of financial transaction, risk and/or
11 commitment.

12 SEC. 4. Foremost among the operational guidelines are the recognition
13 and acceptance of the limits of in-house talents and capabilities thereby inhibiting
14 said corporation from engaging in activities outside its defined capabilities or in
15 cases where it is necessary to engage in such transactions or activities, the

1 mandatory requirement to tap outside talents preferably from other government
2 agencies or institutions.

3 SEC. 5. These guidelines shall be used primarily as a tool to anticipate,
4 obviate, prevent and/or minimize certain eventualities that may adversely affect
5 the financial condition of individual corporations. As a standard requirement,
6 however, it is seen as a vital instrument to stabilize and solidify the country's
7 overall financial condition.

8 SEC. 6. Adherence to these asset and liability guidelines shall be the
9 responsibility of the Department under which these corporations belong. The
10 Department covered shall prescribe their respective policies and procedures
11 including penalties for their violations, in order to ensure that such guidelines are
12 strictly complied with.

13 SEC. 7. In line with the national policy of transparency and public
14 disclosure, all government corporations are henceforth, required to publish their
15 quarterly financial statements in any newspaper of major circulation.

16 SEC. 8. The central monitoring and control of the overall financial
17 condition of these government corporations shall be made by the Department of
18 Finance which shall consolidate all related figures into one report.

19 SEC. 9. If, for any reason, any provisions of this Act is declared
20 unconstitutional, invalid, such sections or parts not affected thereby shall remain
21 in force and effect.

22 SEC. 10. All laws, decrees, executive orders, rules and regulations, or
23 parts hereof inconsistent with the provision of this Act are hereby repealed,
24 amended or modified accordingly.

25 SEC. 11. This Act shall take effect fifteen (15) days after its publication in
26 the *Official Gazette* or in at least two (2) newspapers of general circulation
27 whichever comes earlier.

Approved,